APPROVED SEPTEMBER 13, 2011

Minutes

Task Force on Employee Wellness and Consolidation of Agency Group Insurance

Tuesday, September 6, 2011

DHHS 401 Hungerford Road - Tan Conference Room

The meeting was called to order by Task Force Chair William (Bill) Mooney at 8:05 a.m.

Introductions

Chair Mooney asked those Task Force members not able to attend the July meeting to introduce themselves.

Approval of Minutes

The minutes from the July 21, 2011 meeting were approved without objection

Presentation – Office of Legislative Oversight (OLO)

Aron Trombka of OLO provided an overview of the trends in projected tax supported revenues and expenditures that are used to fund county agencies. The projections are based on current tax rates and economic conditions and no changes salaries and programs. The gap is driven by costs that are increasing faster than revenues such as pension and group insurance costs.

The OLO slides focus on two agencies: County Government and Montgomery County Public Schools (MCPS) because they account of the majority of expenditures. Average increases for group insurance for County Government and MCPS have been about 10% over the past decade. These increases have not been driven by increases in employees. Mr. Trombka noted that these increases are not unique to Montgomery County. The costs on chart #3 are employer costs only.

It was noted that the chart on slide #1 shows no gap between revenues and expenditures in FY12 because the county is required to approve a balanced budget.

Craig Howard of OLO reviewed some the changes that the agencies have made in order to balance the FY12 budget including program cuts, elimination of positions, salary and wage freezes, and changes to employee benefits. County Government increased the share of premium costs paid by active employees, changes to the prescription drug plan, and eligibility and cost share for retiree health benefits. MCPS changed eligibility and cost share for retiree health benefits as did Montgomery College.

Request for Comment from Guests

Chair Mooney asked if any of the visitors had comments. Councilmember Leventhal thanked everyone for serving on the Task Force and emphasized that he is interested in bringing down the cost of health insurance without harming employees. He clarified that while County Government has done some things, in this past budget, the action was to shift costs rather than reduce the cost of insurance.

Presentation – Montgomery County Government

Mr. Wes Girling, County Government Office of Human Resources provided the Task Force with an overview of health plan offerings and demographics. Two handouts were provided.

Mr. Girling noted that the agencies have bundled their RFPs for health care together to get bids that leverage economies of scale. This did not include creating a common plan but did try to lower the costs of administration.

Group insurance benefits are subject to collective bargaining for most County Government employees. Benefits are bargained separately with each of the three unions. Some of the differences in plan design are a function of collective bargaining.

The plan offerings across the agencies are similar but there are differences. County Government offers point of service plans from BlueCross BlueShield, two health maintenance organization (HMO) options – Kaiser Permanente and United Health Care. Three point of service prescription drug plans are offered through Caremark, with different premium costs, co-pays, and employee/employer share. Prescription is included in the Kaiser HMO. OHR wants to encourage employees to really look at which plan is best for them but there are probably many employees taking the high option plan that should be in the standard plan

All plans, with the exception of Kaiser Permanente, are self-insured. The County Government is at risk for the claims in the plans, although it does carry some catastrophic insurance. The County pays the companies an administrative fee.

The County Government expects group insurance to cost $124 million for medical, $41 million for prescription drugs, and $12 million for dental and vision this fiscal year. These are total expenses for both employer and employee (It includes administrative costs for the health care companies but not County Government staff.) Prescription drug costs are expected to continue to increase in part because of new bio-tech drugs that can be very helpful but very expensive. On average, the County Government is expecting rates for group insurance to increase by about 2% for 2012, in part because there has been a reduction in large claims.

To the extent that the agencies are offering the same vendors, by jointly bidding, the county is probably already getting the savings from economies of scale with regard to administration. If the new cost share structure changes which plans employees select, administrative costs may decrease for one plan and increase for another depending on the numbers that move into and out of the plans.

As of August 2011, County Government had 7,822 active enrollees and 16,224 covered dependents. There are 1,205 potential enrollees who are active opt-outs. Most are enrolled in Carefirst BlueCross BlueShield. There are 4,189 retirees and 414 surviving spouses covered. Once a retiree is eligible for Medicare, it becomes the primary coverage.

Mr. Girling was asked how the cost of Medigap coverage compares to the cost of standard coverage. He responded that Medicare does bring down the cost but there is cross-subsidy in the setting of the rates. The Task Force asked for more information on the rates paid by non-Medicare eligible retirees and Medicare eligible retirees. If there was not a cross-subsidy, the rates for non-Medicare eligible retirees would go up and the rate for Medicare eligible retirees would go down. Councilmember Leventhal noted that the County Government has made a decision to have a cross subsidy; however, MCPS has said that they have lowered costs both by steering people to health maintenance organizations and employee wellness programs and because they do not have the same cross subsidy that County Government does. Mr. Girling noted that the County Government looked at this issue last year and there is about $7 million in cross subsidy, about 10% ($700,000) would be a cost to the county.

In response to a question about opting-out, Mr. Girling said that employees and retirees are allowed to opt-out but must show that they have continued health insurance that is similar to county coverage in order to opt back in.

County Government has not done a tremendous amount when it comes to wellness programs. County Government has a high prevalence of diabetics and need to address obesity in the workforce.

Mr. Girling reviewed the recent changes for 2012 which are included on slides #17 and #18.

Ms. Fidler asked whether the County Governments has looked at the cost of the Obama Healthcare Plan. Mr. Girling said that the inclusion of dependents up to age 26 increased the number of people covered by 700-800 people; however, this cohort is generally healthy so cost were not significant. The task Force discussed the issue of a “grandfathered” plan and that plans do not have to change certain things if they are “grandfathered.” Mr. Girling said that for 2011 the County Government is “grandfathered” and it is looking at whether it will be “grandfathered” for 2012. Ms. Riar asked whether the County can access any of the Federal money that has been awarded to the states. She also noted the State Health Quality and Cost Council that has been looking at wellness issues. Mr. Girling said the County did file a claim under the Federal early retiree program but it is not clear whether the County will get a payment. Mr. McTigue said he would like to see some further work done on the issue of retiree cross-subsidy.

Presentation – Maryland-National Capital Park and Planning Commission

Ms. Jan Lahr-Prock, Office of Human Resources, Maryland-National Capital Park and Planning Commission (M-NCPPC) provided an overview presentation. A handout was provided.

M-NCPPC has 2,677 employees and retirees enrolled in medical and 2,670 enrolled in prescription. About 10% of employees have opt-ed out of medical and about 13% have opt-ed out of prescription. In regards to opting in and opting-out, M-NCPPC has a 36 month rule; a retiree or employee must show us that they have had coverage for the past 36 months similar to what M-NCPPC offers in order to opt back in.

With regards to Healthcare Reform, M-NCPPC did have some dependents come back into the system because of the age increasing to 26 but it was not significant.

M-NCPPC offers a United Healthcare point-of-service plan, and United Healthcare Exclusive Provider Organization (EPO), and a Cigna EPO. An EPO is like a HMO but without the need for a referral. There is also a Cigna Medicare supplemental plan. The cost of this plan has been flat for several years. This plan is separately cost out.

The current cost split is 85% paid by the employer and 15% paid by the employee.

Ms. Lahr-Prock described the prescription plan coverage and the different costs for co-pays for retail and mail order.

Ms. Lahr-Prock said that in 2014 insurance exchanges will have to be in place and employers are going to have to offer coverage. M-NCPPC may look at requiring spouses to take insurance through their employer. She noted that people generally think of cost-shifting as just between employee and agency but it can also be shifting to another employer or another program.

M-NCPPC is looking at all the programs offered by the carriers it uses, as it may not be taking full advantage of programs vendors have because M-NCPPC has to proactively say it wants them. Some programs are free and some have an additional charge.

M-NCPPC does penalize (monetarily) people if they get more than 3 refills at retail because it wants them to use mail order which has better prices. M-NCPPC is looking at reducing this to two refills.

M-NCPPC is going to give prescription data to its medical carriers so that medical carriers can better case manage patients to make sure they are taking medications.

It was clarified that the cost split is 85% 15% for both active employees and retirees. M-NCPPC is looking at changing this for retirees and possibly for active employees.

Comments from Chair/Discussion

Chair Mooney told the Task Force that they can provide follow-up questions by e-mail to the agencies or to staff. Mr. McTigue asked for some additional information regarding the request to AON Hewitt. At the next meeting their will be presentations from MCPS and Montgomery College. We will also be discussing splitting into the two committees to look at wellness and consolidation of agency plans.

Meeting adjourned at 9:25 a.m.

Attendees:

Task Force Members:

Sue DeGraba	Montgomery County Public Schools (MCPS)
Karen DeLong	AFSCME Local 2380
Joan Fidler	Public Member
Erick Genser	IAFF Local 1664
Denise Gill	FOP Lodge 35
Wes Girling	Montgomery County Government
Lee Goldberg	Public Member
Paul Heylman	Public Member
Tom Israel	MCEA
Rick Johnstone	MCPS
Jan Lahr-Prock	Maryland-National Capital Park and Planning Commission
Mark Lutes	Public Member
Brian McTigue	Public Member
Edye Miller	MCAAP
William Mooney	Public Member (Chair)
Richard Penn	AAUP
Farzaneh Riar	Public Member
Carole Silberhorn	Washington Suburban Sanitary Commission
Ulder Tillman	Montgomery County Government
Lynda von Bargen	Montgomery College
Michael Young	FOP Lodge 30

Alternates:
Amy Millar (for Gino Renne) MCGEO
Karen Bass (with Lynda von Bargen) Montgomery College

Guests:
Councilmember George Leventhal
Richard Romer, Staff to Council President Ervin
Patty Vitale, Chief of Staff to Councilmember Leventhal

Staff:
Craig Howard, Office of Legislative Oversight
Kristen Latham, Office of Legislative Oversight
Linda McMillan, Council Staff
Aron Trombka, Office of Legislative Oversight